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SUBJECT: BULGARIA: AFTER JELEVA'S FALL, PM ANNOUNCES CABINET RESHUFFLE

Classified By: CDA Susan Sutton for reasons 1.4 (b) and (d).

¶1. (C) Summary: PM Borissov has accepted the resignation of Foreign Minister Rumiana Jeleva, Bulgaria's failed EU commissioner candidate, whose poor showing at her January 12 commissioner hearing turned her from rising GERB star to damaged political goods almost overnight. Borissov used Jeleva's resignation as an opportunity to make several other changes to his cabinet. Replacing Jeleva at the MFA will be the well regarded Defense Minister Nikolay Mladenov, with current Deputy Minister of Defense Anyu Angelov moving into Mladenov's spot. Borissov also announced his intention to create a new, cabinet-level position handling finance and economic issues for INSEAD professor and informal PM economic adviser Ilian Mihov. These cabinet changes are expected to be approved at the next Council of Ministers meeting on January ¶27. End Summary.

¶2. (C) After Jeleva's dramatic and embarrassing fall, Borissov and his GERB political advisers agreed she'd have to step down as Foreign Minister. Given GERB's weak bench, Borissov had few alternatives and ended up tapping the highly-regarded Defense Minister Nikolay Mladenov to head the MFA. Mladenov, currently traveling to Afghanistan with Embassy's DATT, told us that he was "not asked" but "told" to take over the MFA and that he was doing so reluctantly. Mladenov had spearheaded MOD reform in his six months as Minister and had grown to enjoy the position. In Mladenov's place will be the capable current deputy minister Anyu Angelov, who lacks the star power of Mladenov, but is a committed reformer respected by the rank and file.

¶3. (C) Borissov also announced he would create a minister-level advisory position in the economic sphere, but the exact portfolio and title are not yet defined. That role will go to professor and informal PM economic adviser Ilian Mihov, whose claim to fame is an article he once co-authored with Fed Chief Ben Bernanke. The appointment underscores the central importance of the economy for the Borissov government, but calls into question how this new official will interact with current DPM and Finance Minister Simeon Dyankov, who so far has had a free hand with the finance portfolio.

¶4. (C) Comment: While the Mihov appointment had been in the works for some time, the others were forced upon Borissov after Jeleva's failed commissioner bid. Borissov apparently cast about searching for an acceptable Foreign Minister replacement and even considered naming himself to the position when none materialized. The fact that the PM ultimately had to rob the Defense Ministry to come up with a Jeleva replacement underscores GERB's greatest weakness -- its shallow bench (reported septel.)

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